

Phippsburg Investment Committee
Meeting Notes – 10 January 2023

Attendees: Ed Toombs, Roy Clark, Doug Bates, Lisa Wallace, Dan Lay (HM Payson)

Meeting called to order at 9:00 AM at Phippsburg Town Hall.

Dan Lay of HM Payson presented the Payson report on the year end status of the Phippsburg investment account a copy of which is attached. After a series of strong returns, 2022 was a down year for the Fund– decreasing a little more than 12% over the year which was a little bit better than similar funds in the overall market (About 14% off). The fund remains up substantially since inception. In spite of distributions amounting to \$82,000 since the fund's inception in 2015, the fund value is currently about \$635,000 (excluding the \$13,000 for the 250 Birthday Fund), which is about \$205,000 above the starting \$430,000 deposit.

Dan indicated that the Payson view is that this is a difficult time in the equity markets and will likely remain so for the coming year with their investment focus being on low-risk, quality companies. He suggested that Fund returns in the single digits would be a good outcome.

The investment committee considered the following resolution:

Resolved: That the Financial Investment Committee recommend to the Town of Phippsburg that the Town take a \$21,000 distribution from the Investment Account for the fiscal year beginning on July 1, 2023.

A motion was made, properly seconded, and passed by unanimous vote to accept the above resolution. The recommended distribution is comfortably within the percentage guidelines in the Town's Investment Policy.

Lisa reported that the Town has not yet begun purchasing bank Certificate of Deposits but that the rates are getting to the point that we could consider such purchases. Lisa agreed to set up a meeting with Androscoggin Bank to discuss implementing this program.

The next meeting is scheduled for Tuesday, January 9, 2024 at 9:00 AM at the Phippsburg Town Hall.

Meeting adjourned at 9:35 AM.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ed Toombs". The signature is written in a cursive, flowing style.

Ed Toombs
Secretary, Town of Phippsburg Investment Committee

HMPayson

Investment Review

JANUARY 2023

PREPARED FOR

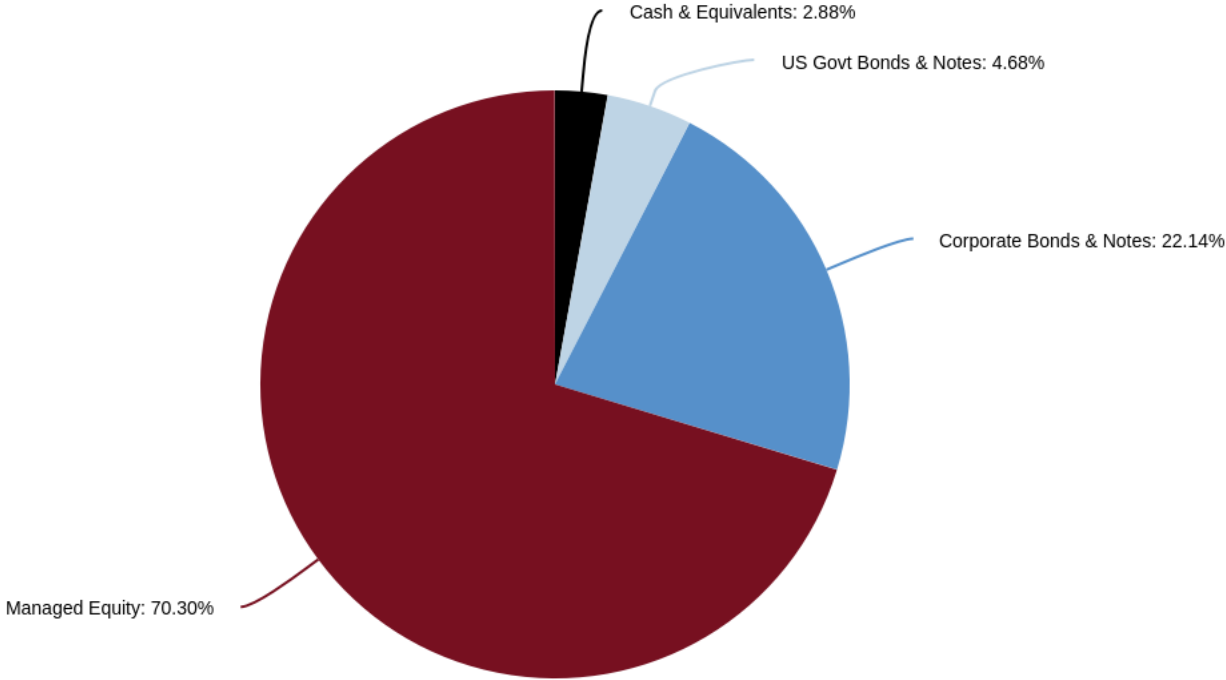
Town of Phippsburg

Daniel M. Lay, Esq.
MANAGING DIRECTOR

Jenny Lynd Robinson
RELATIONSHIP ADMINISTRATOR

Asset Allocation by Account

TOWN OF PHIPPSBURG



Style Class	
■	Cash & Equivalents
■	US Govt Bonds & Notes
■	Corporate Bonds & Notes
■	Managed Equity
Total	

Current Value	Current Percent
\$18,299	2.88%
\$29,721	4.68%
\$140,647	22.14%
\$446,642	70.30%
\$635,309	100.00%

As of December 31, 2022

Individual Account Gross Performance

TOWN OF PHIPPSBURG

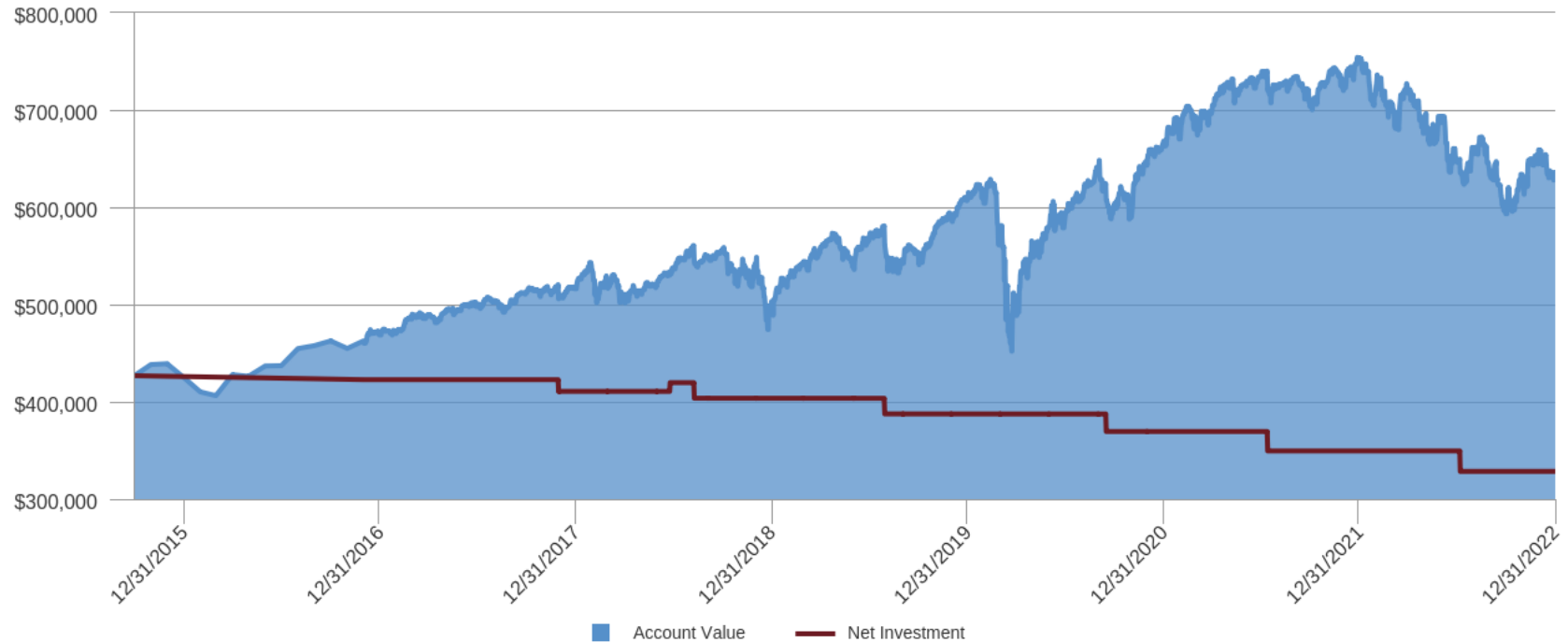
Style Class	Year to Date Gross Return	Previous 3 Years Gross Return	Previous 5 Years Gross Return	Inception to Date (09/30/2015) Gross Return
Cash & Equivalents	2.25%	1.07%	1.49%	* 1.39%
<i>FTSE USBIG 1 Mo. Treasury Bill</i>	1.48%	0.66%	1.20%	1.12%
US Govt Bonds & Notes	* 1.00%	* 1.00%	* 1.00%	* 1.00%
<i>Bloomberg Intermediate Government</i>	0.06%	0.06%	0.06%	0.06%
Corporate Bonds & Notes	(2.41%)	0.70%	1.93%	* 1.97%
<i>Bloomberg US Credit 1-5 Years</i>	(5.56%)	(0.41%)	1.26%	1.49%
Managed Equity	(15.16%)	8.96%	11.81%	12.80%
<i>100% S&P 500 Index</i>	(18.11%)	7.66%	9.42%	12.11%
Total	(12.15%)	5.35%	7.83%	8.78%
<i>70% (75% S&P 500 25% ACWI exUS) 25% BB US Int Gvt/Crd 5% 3MTB</i>	(14.07%)	4.13%	5.65%	7.75%

* Partial period return

† Linked partial period return

Returns for periods exceeding 12 months are annualized.

Account Value vs. Net Investment TOWN OF PHIPPSBURG



	Year to Date	Inception to Date (09/30/2015)
Start Value	\$753,187	\$426,887
Net Contribution	(\$21,000)	(\$98,348)
Investment Gain/Loss	(\$96,878)	\$306,770
Ending Value	\$635,309	\$635,309

As of December 31, 2022

TOWN OF PHIPPSBURG

Holdings as of: December 31, 2022

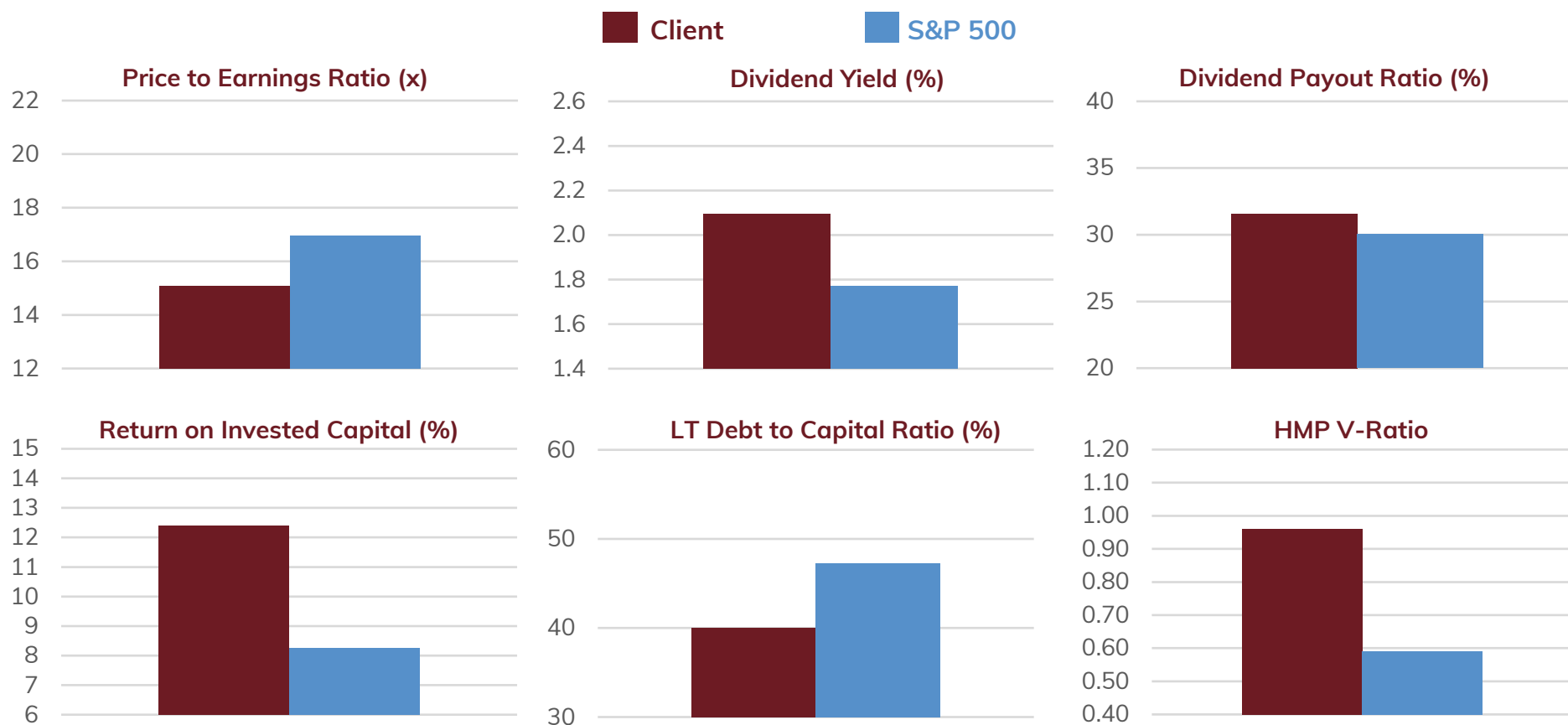


$$\text{V-Ratio} = \frac{\text{ROIC} + \text{Dividend Yield}}{\text{Price-to-Earnings Ratio}}$$

$$\text{ROIC} = (\text{Earnings} - \text{Dividends}) / \text{Total Capital}$$

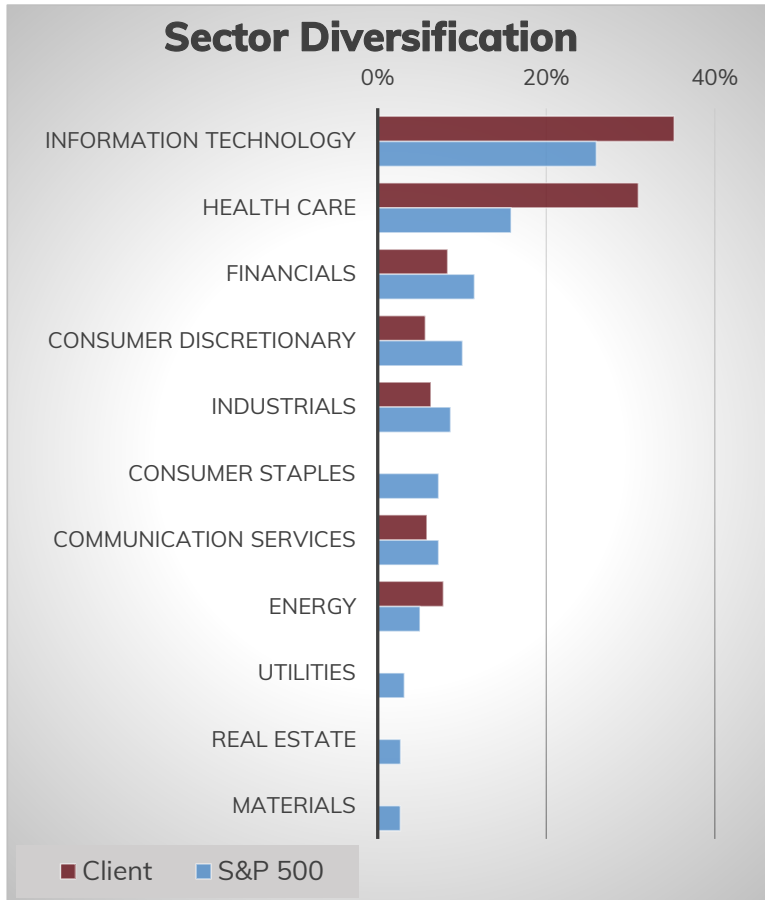
Consistently profitable companies with shareholder-friendly capital allocation tend to outperform over time. We believe that portfolios constructed around these characteristics, combined with a disciplined approach toward valuation, offer enhanced potential long-term returns. HM Payson's V-Ratio captures these features by weighing an approximation of quality against a measure of price.

Characteristics Summary	Client	S&P 500
Price to Earnings (x)	15.1	17.0
Dividend Yield (%)	2.1	1.8
Payout Ratio (%)	32	30
Return on Invested Capital (%)	12.4	8.2
Long term Debt to Capital (%)	40	47
V-Ratio	0.96	0.59



TOWN OF PHIPPSBURG

Holdings as of: December 31, 2022



S&P 500 Index: Median Values				Portfolio Weighted		
Sector	Return on Tangible Assets	*AFG Economic Margin™	CP / EV Yield	ROTA	AFG EM™	CP / EV Yield
Information Technology	16.9%	15.6%	4.0%	28.7%	31.2%	5.0%
Health Care	15.1%	15.8%	3.6%	19.9%	23.7%	5.8%
Financials	2.1%	4.9%	5.3%	9.6%	13.4%	10.6%
Consumer Discretionary	10.7%	8.1%	3.6%	18.6%	14.0%	3.4%
Industrials	11.6%	11.9%	3.7%	11.2%	13.5%	4.0%
Consumer Staples	14.9%	12.8%	3.2%			
Communication Services	8.6%	7.8%	6.1%	22.7%	13.1%	6.0%
Energy	5.6%	0.5%	3.7%	8.2%	3.5%	5.4%
Utilities	2.6%	0.2%	-0.9%			
Real Estate	3.8%	9.2%	3.3%			
Materials	8.9%	5.7%	4.6%			
Index/Portfolio	9.4%	9.6%	3.8%	20.7%	22.1%	5.6%

Value is greater than Index Median

* Economic Margin = Economic Profit as a % of a firm's productive capital base (Trademark of The Applied Finance Group™, Ltd.)

TOWN OF PHIPPSBURG

Holdings as of: December 31, 2022



Stock Characteristics - 10 Largest Holdings

Company	Sector	Weight	Yield	Payout	5 Yr Div Growth	5 Yr EPS Growth	P/E	ROIC	LT Debt to Capital
Berkshire Hathaway Cl B	Financials	6.9%	0.0%	0.0%	NM	32.4%	20.8	5.7%	21.0%
Alphabet Inc Class C Capital Stock	Communication Services	5.8%	0.0%	0.0%	NM	32.2%	17.7	24.9%	9.5%
Microsoft Corp	Information Technology	5.3%	1.1%	26.3%	9.7%	24.3%	23.2	23.4%	28.9%
Broadcom Limited Shs	Information Technology	4.6%	3.3%	44.0%	32.1%	45.8%	13.4	16.2%	63.5%
Johnson & Johnson	Health Care	4.6%	2.6%	44.3%	5.9%	5.7%	17.3	14.8%	27.0%
CVS Health Corporation	Health Care	3.9%	2.6%	27.7%	2.9%	4.0%	10.7	6.0%	49.0%
Visa Inc Cl A Common Stock	Information Technology	3.7%	0.9%	20.1%	17.8%	20.5%	23.2	27.0%	36.7%
Apple Inc	Information Technology	3.5%	0.7%	14.2%	8.4%	21.6%	20.0	56.1%	68.4%
Pfizer Inc	Health Care	3.3%	3.2%	28.9%	5.2%	27.1%	9.0	18.4%	26.0%
Mastercard Incorporated	Information Technology	3.3%	0.7%	20.1%	18.0%	18.9%	30.7	43.9%	68.1%
Top 10 Stocks		44.9%	1.4%	23.0%	10.3%	22.6%	16.8	12.2%	33.3%
Total Stock Portfolio			2.1%	31.6%	11.2%	22.3%	15.1	12.4%	40.0%
S&P 500 Index			1.8%	30.0%	5.4%	16.0%	17.0	8.2%	47.3%

Disclosures

Account data is on a trade date basis and income is included in the account returns on an accrual basis.

Account returns can be gross or net of management fees. Past performance is not indicative of future results.

All returns include the effects of all principal change and income, and returns for longer than one year are annualized.

Any Gross returns do not reflect the deduction of investment advisory fees, which will reduce investment returns. Advisory fees are described in Part 2 of our SEC Form ADV.